



Denali Commission
510 L Street, Suite 410
Anchorage, AK 99501

907.271.1414 *tel*
907.271.1415 *fax*
888.480.4321 *toll free*
www.denali.gov

QUARTERLY MEETING
April 28, 2005 – Kodiak, Alaska

Briefing Paper: ***TEACHER HOUSING PROGRAM - Allocation of FY05 Funds***
Prepared by: ***Michelle Anderson***

****ACTION REQUIRED BY COMMISSION****

Issue:

Ten million dollars has been appropriated for Commission allocation for teacher housing.

Background:

Congress recently amended the Denali Commission Act of 1998 to include authority for construction of “*teacher housing in remote villages such as Savoonga, Allakaket, Hughes, Huslia, Minto, Nulato and Ruby where there is limited housing available for teachers*” and appropriated \$10,000,000 for that purpose.

In accordance with the 2005 Denali Commission Teacher Housing Strategy we will partner with the Alaska Housing Finance Corporation (AHFC) to provide newly constructed teacher housing units and repair existing housing stock for rural teacher housing. Until both state and federal funding processes for teacher housing are synchronized the Commission will retain flexibility to fund projects directly that meet Commission funding criteria and Congressional intent. Complete integration of the programs is scheduled for late 2005.

The Commission’s Teacher Housing strategy places an emphasis on:

- A repair/renovation option to improve existing teacher housing stock; (50% Cost Share)
- A priority for new construction in communities prioritized by level of need; (Cost share determined by AHFC underwriting process)

Analysis and Proposed Strategy:

AHFC has completed a due diligence check of the following projects. Project summaries are attached. AHFC has provided clarification of their funding methodology in the underwriting paper attached to this briefing packet. This methodology fully explains how AHFC determines the amount of loan financing an applicant can comfortably carry which then determines the amount of “gap” or grant funding the Commission is asked to contribute to a project.

Applicant	Total Project Cost	Category of need	Funding Request	Cost Per Square Foot (reg'l new construction benchmarks)	Description
Northwest Arctic Borough School District Renovation Projects	Ambler \$748,230 Kiana \$733,230	High	Ambler \$368,745 Kiana \$322,682	Ambler \$116.91 Kiana \$119.34 (\$296)	Ambler: 5 two-bdrm units. Start in March. Utilities available. Kiana: 5 apt. units. Start in March. Utilities available.
City of St. Paul	\$2,748,371	High	\$1,993,571	\$399.70(\$247)	New Construction of 3 duplex units.
Kenai Peninsula Borough	\$553,205	Moderate	\$235,000	\$214.09(no benchmark)	Tyonek: construct one stick-built duplex.
Total	\$4,783,036		\$2,919,998		

Denali Commission Staff Recommendation:

1. Based on the Commission's funding strategy and the principles applied throughout AHFC's review, Commission staff recommends funding the Northwest Arctic Borough School District and City of St. Paul teacher housing projects for the amounts requested (\$2,684,998). AHFC will establish agreements with applicants, finish all necessary due diligence, provide project administration and oversight and report on a quarterly basis. AHFC is familiar with the Commission's policies and will continue to apply those standards stipulated in our standard financial award agreement.
2. Staff recommends funding directly the Kenai Peninsula Borough's teacher housing request in Tyonek for \$235,000. This project was not forwarded with the AHFC projects because there is no debt financing proposed (an AHFC RFP requirement) but a cash match constituting approximately 63% of the project will be provided by the Kenai Peninsula Borough and the project otherwise meets Denali Commission requirements.
3. Management fees for AHFC will not exceed \$100,000.

4. The balance of funds will be made available for a combined teacher housing solicitation that AHFC will issue in April beginning efforts to fully integrate state and federal resources to address this area of need. Future projects will be brought to the Commission for funding approval. Anticipated timeline for review of the next group of projects is immediately after the start of state's new fiscal year. (July 2006).

Action Required:

Pass Resolution No. 05-14

Attachment(s):

1. Denali Commission Teacher Housing Strategy
2. AHFC Underwriting Process
3. Project Summaries for Northwest Arctic Borough School District, City of St. Paul, and Kenai Peninsula Borough.



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DRAFT - RESOLUTION NO. 05-14

A RESOLUTION ON RURAL TEACHER HOUSING FOR FEDERAL FY 2005

WHEREAS Congress has appropriated \$10,000,000 in Energy and Water – “Base” funding to the Denali Commission for teacher housing in remote villages such as Savoonga, Allakaket, Hughes, Huslia, Minto, Nulato and Ruby where there is limited housing available for teachers; and

WHEREAS the Commission has undertaken a statewide effort, in partnership with the Alaska Housing Finance Corporation (AHFC) to work with school districts and local developers to provide safe and affordable rural teacher housing; and

WHEREAS provision of adequate housing for rural teachers will enhance the State’s efforts to meet the national “No Child Left Behind” act; and

WHEREAS collaboration between the Commission and the AHFC is expected to enhance the efficiency and effectiveness of efforts to address rural teacher housing needs; and

WHEREAS three rural teacher housing projects were selected from a request for proposals (RFP) issued by AHFC and due diligence has been performed on the projects by AHFC; and

WHEREAS a teacher housing project in Tyonek was identified that does not meet the AHFC RFP because there is no debt financing proposed but a cash match constituting approximately 63% of the project is to be provided by the Kenai Peninsula Borough and the project otherwise meets Denali Commission requirements;

NOW THEREFORE BE IT RESOLVED that up to \$3,435,000 is made available to the AHFC for funding of rural teacher housing projects in the “high need” communities of Ambler, Kiana and St. Paul and in the Kenai Peninsula Borough (Tyonek) and an additional amount, not to exceed \$100,000, for AHFC management fees; and be it

FURTHER RESOLVED that the balance of the FY05 appropriation (\$5,889,000) for rural teacher housing be applied to teacher housing projects identified through an AHFC solicitation, subject to Commission review and approval, and to other projects that may be otherwise identified by the Denali Commission.

CERTIFICATION

We, the undersigned, hereby certify that the Denali Commission is comprised of seven members (or their duly appointed alternate), of whom _____, consisting a quorum, were present at a meeting duly and regularly called, noticed, convened and held this _____ day of _____, _____, and that the foregoing Resolution was duly adopted at said meeting by the affirmative vote of _____ members, and opposed by _____ members, and that said Resolution has not been rescinded or amended in any way.

Signed and dated this _____ day of _____, _____,

Jeffrey B. Staser
Federal Co-Chair

Governor Frank H. Murkowski
State Co-Chair